

NATIONAL CREDIT UNION ADMINISTRATION  
OFFICE OF INSPECTOR GENERAL

**NCUA WEBSITE PRIVACY  
AND “COOKIES” REVIEW**

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# TABLE OF CONTENTS

|  | Page |
|--|------|
| EXECUTIVE SUMMARY  | i    |
| INTRODUCTION   | 1    |
| BACKGROUND   | 1    |
| OBJECTIVES   | 3    |
| SCOPE AND METHODOLOGY  | 3    |
| OBSERVATIONS AND RECOMMENDATIONS   | 5    |
| <b>NCUA's Internet Privacy Statement Substantially Complied with OMB Policy</b>  | 5    |
| <b>NCUA is in Compliance with Its Policy Prohibiting the Use of Cookies on Its Internet Site</b>                       | 6    |
| <b>NCUA does not Create User Profiles, Sell, or Give Away Personal Information Obtained via the Web Site or E-mail</b> | 6    |
| <b>NCUA needs to ensure the privacy policy is posted on all major entry points</b>                                     | 7    |
| <b>NCUA should post a notice informing visitors when they exit the NCUA website</b>                                    | 7    |
| EXHIBIT:   | 8    |
| NATIONAL CREDIT UNION ADMINISTRATION'S<br>INTERNET PRIVACY POLICY STATEMENT  |      |

## **EXECUTIVE SUMMARY**

Public Law 106-554 required Inspectors General to submit a report to Congress relating to the collection of personally identifiable information. In addition, the National Credit Union Administration (NCUA) Office of Inspector General (OIG) took this opportunity to review NCUA's compliance with Office of Management and Budget Memoranda M-99-18 and M-00-13, which requires agencies to post Internet privacy policies, and generally prohibits the use of persistent cookies on agency web sites.

The OIG found that NCUA's Internet Privacy Statement substantially complied with OMB policy. The OIG also determined NCUA was in compliance with its policy prohibiting the use of cookies on its Internet site. NCUA collects limited personal information through its web site and does not create any user profiles, or sell any personal information that is obtained via the web site.

The OIG review focused on the collection of personal information through electronic submission of data and the use of cookies on NCUA's external Internet site. The review included inquiry of personnel, document review and analysis. The OIG also tested 384 pages on NCUA's web site to determine if cookies were placed on visitor's computers.

The OIG offered two recommendations for improving web site policy notification. NCUA has agreed to complete action on the report's recommendations by June 29, 2001.

## INTRODUCTION

The “Treasury and General Government Appropriations Act, 2001” Public Law 106-554 – Appendix C, 114 Stat. 2763A-170 (“P.L. 106-554”), requires Inspectors General (IG) to submit a report to Congress relating to the collection of personally identifiable information. In addition to this requirement to report on the collection of personal information, the National Credit Union Administration (NCUA) Office of Inspector General (OIG) took this opportunity to review NCUA’s compliance with Office of Management and Budget (OMB) Memoranda M-99-18 and M-00-13, which requires agencies to post Internet privacy policies, and generally prohibits the use of persistent cookies.

## BACKGROUND

The public has great concern about their privacy protection. Of recent interest, the public has been concerned with organizations using Internet cookies to obtain personal information and/or use that information to track personal habits. As a result of this concern, Congress passed legislation to protect the public’s privacy when surfing federal web sites.

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A cookie is a small text file placed on a visitor’s computer by a web server. When a visitor goes to a cookie enabled web site, the server sends a small text file to the user without the user taking any action (and generally without the user’s knowledge). This file can be used to track a visitor when they return to the web site. With the exception of the user’s IP address<sup>1</sup>, type of browser, and operating system, only information the visitor provides can be stored in a cookie.

Allowing a web site to create a cookie does not give that or any other site access to the rest of your computer, and only the site that created the cookie can read it. Cookies are frequently used by Internet shopping sites to keep account information and personal preferences, such as user id, password, and items placed in a shopping cart. The most controversial use of cookies is the collection of demographics, browsing, and/or shopping habits by advertising companies.

There are different types of cookies. Session cookies are stored temporarily on a visitor’s computer and expire when they close the browser. Since the cookie is temporary, it cannot be used to track a visitor and therefore there are fewer concerns about privacy with session cookies. Persistent cookies are

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<sup>1</sup> IP address is a unique string of numbers that identifies a computer on the Internet. Although this could be used as a personal identifier, most large organizations use one IP number through a proxy server, and most home users are assigned a dynamic address by their Internet service provider. It is usually difficult or impossible to associate an IP address with a person.

permanently stored on the visitor's computer until the cookie expiration date, and each time the visitor returns to the subject web site, the cookie informs the server that this particular visitor has returned.

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Section 646 of P.L. 106-554, enacted on December 21, 2000 requires that "the Inspector General of each department or agency shall submit to Congress a report that discloses any activity of the applicable department or agency relating to –

1. the collection or review of singular data, or the creation of aggregate lists that include personally identifiable information, about individuals who access any Internet site of the department or agency; and
  2. entering into agreements with third parties, including other government agencies, to collect, review, or obtain aggregate lists or singular data containing personally identifiable information relating to any individual's access or viewing habits for governmental and nongovernmental Internet sites."
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OMB Memorandum M-00-13 reminds agencies to establish clear privacy policies for its web activities and to comply with those activities. This memo prohibits the use of "cookies" at Federal web sites unless four conditions are met:

- The site gives clear and conspicuous notice;
- There is a compelling need to gather the data on the site;
- Appropriate and publicly disclosed privacy safeguards exist for handling any information derived from the cookies; and
- The agency head gives personal approval for the use.

OMB clarified the definition of "cookies" in a memo dated September 5, 2000. This memo prohibits the use of persistent cookies unless the above four conditions are met. It further states, "we are concerned about persistent cookies even if they do not themselves contain personally identifiable information."

The September clarification permits the use of session cookies, as follows: "specifically, they may retain the information only during the session or for the purpose of completing a particular online transaction, without any capacity to track users over time and across different web sites. When used only for a single session or transaction, such information can assist web users in their electronic interactions with government, without threatening their privacy."

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OMB M-99-18 directs agencies "to post clear privacy policies on World Wide Web sites". Specifically, agencies should "add privacy policies to any other known, major entry points to your sites as well as at any web page where you collect substantial personal information from the public. Each policy must clearly

and concisely inform visitors to the site what information the agency collects about individuals, why the agency collects it, and how the agency will use it. Privacy policies must be clearly labeled and easily accessed when someone visits a web site.”

The attachment to M-99-18 provided guidance and model language for web site privacy policies. “Every Federal web site must include a privacy policy statement, even if the site does not collect any information that results in creating a Privacy Act record. “ The attachment to M-99-18 provides specific examples that may be incorporated in an agency’s web site privacy policy statement.

## **OBJECTIVES**

Our objective was to determine whether NCUA was in compliance with the OMB and agency policies on the privacy of personal information obtained via the agency’s web site and the use of Internet cookies.

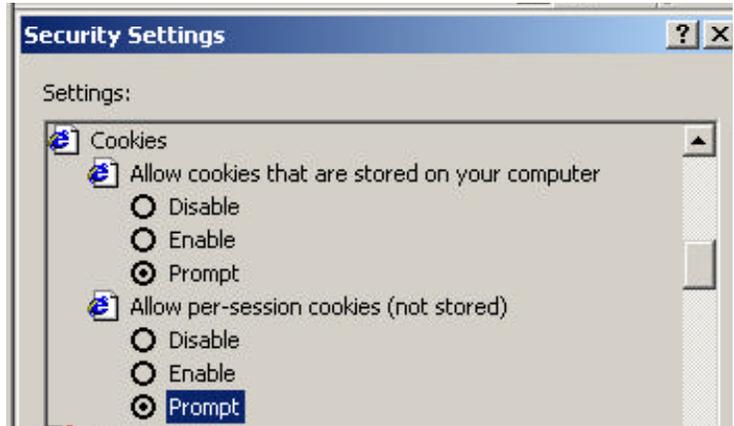
## **SCOPE and METHODOLOGY**

Our review focused on the collection of personal information through electronic submission of data and the use of cookies on NCUA’s external Internet site. Our review included inquiry of personnel, document review and analysis. We also tested NCUA’s web site to determine if cookies were placed on visitor’s computers.

Specifically, we performed the following steps:

- Interviewed the Chief Information Officer and Webmaster
- Reviewed the following laws and regulations pertaining to website privacy and collection of personal information:
  - Public Law 106-554, 12/21/2000
  - OMB Memo, 9/5/2000, clarifying M-00-13
  - OMB M-00-13, 6/22/2000
  - OMB M-99-18, 6/2/1999
- Reviewed NCUA’s Internet Privacy Policy and compared it to guidance issued by OMB
- Reviewed General Accounting Office (GAO) and other IG audit reports.

In addition, we tested 384 pages on NCUA's web site to determine if any cookies were placed on a visitor's computer. We tested the most commonly accessed pages from the period between May 12 and May 19, 2001, as well as most of the major categories and offices. To perform the test, we used an option in our Internet browser to prompt us before a cookie was created on our computer. We also determined if any personal information was requested of the user. As of May 19, 2001, NCUA had 6,111 unique URL's<sup>2</sup>, which included web pages, graphic files, adobe documents, and executable files.



The OIG conducted this audit from our office in Alexandria, Virginia, during May 2001. This review was performed in accordance with generally accepted government auditing standards.

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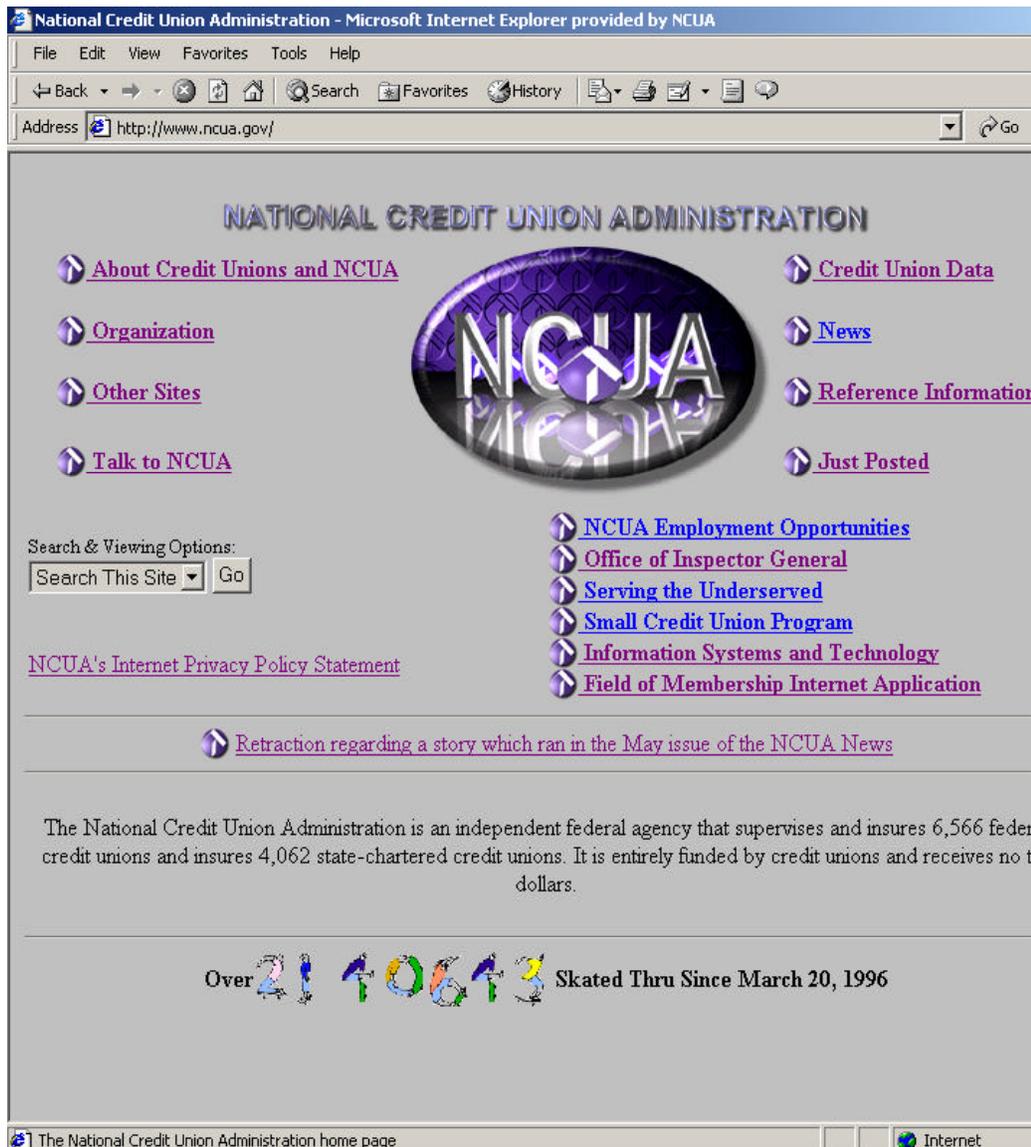
<sup>2</sup> URLs are the Internet equivalent of addresses.

## OBSERVATIONS

***NCUA'S Internet Privacy Statement Substantially Complied with OMB Policy***

NCUA was in substantial compliance with OMB guidance regarding privacy policies on websites. NCUA's policy was clearly labeled and easily identified on the home page (see graphic below).

The policy indicates, "NCUA does not use cookies." It also addresses the collection of personal information from the web site, on-line forms, and e-mail correspondence.



The Webmaster prepared the privacy policy statement for posting on the web site. In August 1999, the Office of General Counsel reviewed the draft statement prior to posting, and recommended placement of the privacy policy on pages "where the NCUA website invites the public to submit comments or otherwise contact us". The privacy policy was posted in late August 1999.

OMB M-99-18 requires agencies to post clear privacy policies on major entry points of their websites. The policy should be clearly labeled, easily accessible, and include what information is collected, why it is collected, and how the agency will use it.

We did not observe any web page where substantial personal information was collected on NCUA's web site. The user in an e-mail request generated the primary source of any personal information. The only exception to compliance with OMB's policy related to the posting of the Internet privacy policy. We found the privacy policy posted on the home page and a few other selected pages throughout the site, but the privacy policy was not currently posted on all major entry points.

We did not observe any notices prior to leaving the NCUA website and going to an external link. Although not required by OMB, it is important to clearly notify visitor's when exiting the NCUA website that our privacy policy no longer applies and the policy of the website they are transferred to applies. For instance, some of the links contained on NCUA's website transferred visitor's to commercial sites that set persistent cookies.

***NCUA is in Compliance with Its Policy Prohibiting the Use of Cookies on Its Internet Site***

NCUA clearly states in its policy that, "NCUA does not use "cookies." We tested 384 pages of NCUA's web site to confirm compliance with the policy and found no indication of cookies. To test the web site, we used a feature with our

Internet browser that prompts you when a cookie is present.

OMB M-00-13 and the subsequent clarification memo prohibit the use of persistent cookies unless four conditions are met. Session cookies are permitted. We did not detect any persistent or session cookies on NCUA's web site.

***NCUA does not Create User Profiles, Sell or Give Away Personal Information Obtained via the Web Site or E-mail***

Our review of NCUA's web site and Internet privacy policy confirmed that limited personal information is collected directly from the Internet. There were e-mail and other on-line forms where a visitor may provide personal information, but

this information is generally limited to name, e-mail address, and other contact information. NCUA uses the information provided to fulfill visitor requests and make improvements to its web site.

We reviewed a log from the web server. The web server log shows most frequently used time periods, most commonly accessed web pages, and IP addresses. We did not observe any personal information collected via the web server log.

NCUA does not compile any personal information to create user profiles. Any limited personal information obtained is used for performing government functions. NCUA's policy states, "NCUA does not give, sell or transfer personal information to third parties, unless required by law."

## RECOMMENDATIONS

***NCUA needs to Ensure the Privacy Policy is Posted on All Major Entry Points***

Recommendation #1:  
NCUA needs to ensure compliance with OMB M-99-18 by defining major entry points and ensuring the privacy policy is posted at these points. Some agencies have defined major entry points as the home page, most frequently accessed pages, web pages where substantial personal information is collected, or major component. Some have used a combination of these criteria to define major entry points.

Should NCUA begin to collect personal information via its web site in the future, OMB requires the privacy policy to be posted on pages where substantial personal information is collected, in addition to major entry points.

OCIO stated that it is in the process of defining NCUA's web site entry points and posting the privacy policy at these points by June 29, 2001.

***NCUA should Post a Notice Informing Users when they Exit the NCUA Website***

Recommendation #2:  
Although not required by current laws and regulations, NCUA should post a notice informing visitors when they are leaving the NCUA web site. This notice should inform visitors that NCUA's privacy policy does not apply once they leave our site, and that NCUA is not responsible for the content of the external site.

By June 29, 2001, OCIO has stated that it will identify NCUA's major website exit points, and post a notice at these points that the user is exiting NCUA's site and that NCUA's privacy policy is no longer in effect.

**EXHIBIT:  
NATIONAL CREDIT UNION ADMINISTRATION'S  
INTERNET PRIVACY POLICY STATEMENT**

## **Internet Privacy Policy Statement**

### **for the National Credit Union Administration**

Thank you for visiting the National Credit Union Administration Web site and reviewing our internet privacy policy.

#### **Information Collected and Stored Automatically**

For **site security** purposes and to ensure that this service remains available to all users, NCUA employs software programs to monitor network traffic to identify unauthorized attempts to upload or change information, or otherwise cause damage.

For **site management**, information is collected for statistical purposes. Computer software programs are used to create summary statistics, which are used for such purposes as assessing what information is of most and least interest, determining technical design specifications, and identifying system performance or problem areas. No personal information, such as your name or address, is collected or used for this analysis. We collect no information which would identify you personally.

We automatically collect and store **only** the following information about your visit:

- The Internet domain (for example, "xcompany.com" if you use a private Internet access account, or "yourschool.edu" if you connect from a university's domain) and IP address (an IP address is a number that is automatically assigned to your computer whenever you are surfing the Web) from which you access our web site
- The date and time you access our site
- The pages you visit and the result of the request, such as an image or query
- Other status codes and values resulting from the Web server responding to the request received: HTTP status code, Windows NT code, number of bytes sent, number of bytes received, duration (in seconds) to fulfill the request, server port number addressed, and protocol version.

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NCUA does not use "cookies." (A "cookie" is a file placed on your hard drive by a Web site that allows it to monitor your visit, usually without your knowledge.) You can set your browser to warn you when placement of a cookie is requested and decide whether or not to accept it.

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#### **Information Collected from E-mails and Web Forms**

When you send us personally identifying information, for example, in an electronic mail message containing a question or comment or by filling out a form that E-mails us this information, we use this information to fulfill or respond to your requests. We may store these requests to provide us with information for future improvements to our Web site. We may forward your E-mail to other government employees who are better able to respond to your request. NCUA may also use this information to help us do our work. We do not create individual profiles with the information you provide. NCUA does not give, sell or transfer personal information to third parties, unless required by law.